

Town of Loxahatchee Groves
Finance Advisory & Audit Committee Meeting
Monday, October 24, 2011 at 7:00 p.m.
Loxahatchee Groves Water Control District, 101 West "D" Road

MINUTES

1. Opening

a. Call to Order & Roll Call

Chair Chiu called the meeting to order at 7:00 p.m. Present were Chair Lung Chiu, and Committee Members Elise Ryan, Cheryl Miller, and Ken Johnson. Also present were Town Manager Mark Kutney, Bill Underwood, UMSG, and Boards and Committees Clerk Judy Rios.

b. Approval of Agenda

Motion: Committee Member Miller moved to **approve** the Agenda as amended. Committee Member Ryan seconded the motion, which passed unanimously. (**Motion carried 4-0**).

2. Consent Agenda - None

3. Presentations - None

4. Old Business:

a. Approval of August 23, 2011 FACC Meeting Minutes

Chair Chiu requested that under Item 9. Punch List, Town Management red-line the corrected version of the Contract Monitoring Spreadsheet, and under Item 11. Closing Comments, to monitor, oversee, and evaluate the outside contractors.

Motion: Committee Member Ryan moved to **approve** the August 23, 2011 minutes as amended. Committee Member Miller seconded the motion, which passed unanimously. (**Motion carried 4-0**).

b. Approval of August 2011 Financial Statements

Motion: Committee Member Miller moved to **approve** the August 2011 Financial Statements as amended. Committee Member Ryan seconded the motion, which passed unanimously. **(Motion carried 4-0).**

Discussion followed with respect to expenses incurred for the Planning & Zoning matters. Committee members express support that expenditures on behalf of the Town not applicable to cost recovery be pre-approved by Town Council prior to incurring the expense. Members generally agreed that applicants should be responsible for paying all costs associated with their specifics projects.

c. Discussion of Transfer of Financial Records

Discussion took place regarding the transfer of the Financial Records from the Spence, Inc., to UMSG. The Committee recommended that Town Manager Mark Kutney contact Spence, Inc. for assistance in obtaining all documents needed to finalize FY2011, and complete Audit.

d. Contract Monitoring Spreadsheet

The Committee recommended the development of a database that will be more user-friendly. It was requested that Staff provide a revised list for the November 24, 2011 meeting.

e. Discussion of Solid Waste Monitoring Consulting Contract – Town Manager Kutney

Committee Members concluded that part of Town Administration's function is contract management and Town Manager Kutney's recommendations and requests with respect to all Town Contracts be taken to Town Council for consideration.

5. New Business

a. Approval of September 2011 Financial Statements

Motion: Committee Member Ryan moved to **approve** the September 2011 Financial Statements as amended. Committee Member Miller seconded the motion, which passed unanimously. **(Motion carried 4-0).**

Committee Member Ryan requested a copy of the invoice and support documentation for the \$781 expenditure to Planning & Zoning line item. Also, noted was the \$10,400 expense in the Code Enforcement line item. Committee Members acknowledged that Town Manager Kutney has reviewed the Town's current Services Agreement with Tew & Associates, and will be recommending that the Town Council extend the current Agreement for six (6) months with a not to exceed cost of \$15,000.00, as this will give Manager time to assess and make recommendation. With respect to the Balance Sheet, Member Ryan requested the Town ask for additional funds from Planning & Zoning Applicants to ensure that escrow accounts are fully funded.

Committee Member Miller questioned the Revenue receipts for FPL Franchise Fee in the amount of \$17,972.50, and Utility Tax Fee of \$16,513.62 on the August 2011 Statement. In the September 2011 General Ledger Detail Report (page 10) there is a DNU – Garbage Assessment Balance \$0.00. Bill Underwood advised it appears that an item was erroneously charged to that account, reclassified and the transaction moved.

John Ryan asked Committee Member Ryan if she worked with Jim Fleishman, Town Planner, to bring the Developer Escrow Accounts up to date. Committee Member Ryan confirmed that the invoices for the Developer Escrow Accounts were sent out last year, and the Town will need to submit new invoices to ensure escrow accounts remain in balance. Mr. Underwood stated that Town is reviewing current accounts and will be mailing out invoices for those escrow accounts that are out of balance.

b. Approval of Planning & Zoning Invoices

This item was a carryover from the previous discussion and no action was taken.

6. Discussion

a. Creation of a Special Revenue Fund for Cost Recovery

Motion: Committee Member Ryan made a motion to recommend to Town Council the development of a Special Revenue Fund for Cost Recovery. Committee Member Miller seconded the motion, which passed unanimously. **(Motion carried 4-0).**

Mr. Underwood and Committee Members discussed method of creating a Special Revenue Fund to track the Cost Recovery accounts separately. Additionally, he advised that he would prepare criteria of the value of the project then calculate the amount owed for full cost recovery of staff time as well as consultant's time.

b. Financial Software

Mr. Underwood and Committee Members discussed the need for the Town to acquire Financial Software in the near future. Committee Members acknowledged that it is necessary that the Town of Loxahatchee Groves have historical archival records. Chair Chiu indicated that the Town of Loxahatchee Groves has a spending limit Policy, and directed Mr. Underwood to come back before the Committee with a detailed budget of the Financial Software proposed for purchase that will be an efficient use of Town's tax dollars.

c. Purchase of New Computers

Mr. Underwood stated that UMSG's contract with the Town of Loxahatchee requires that UMSG maintain up-to-date hardware and software of Town's Computer equipment. Since the Town's current hardware and software is outdated, he recommended that Town purchase at least three (3) new Computer systems with new software. Mr. Underwood advised that this would be well within the Procurement Policy, as he estimates that the cost will be about \$2,000. Also discussed was moving the website and email. He stated that because of the

ongoing security issues to the Town's website and email accounts, he has recommended moving the website and email account to a secured provider. He has also recommended that the Town reduce its email accounts to 11.

Committee Member Ryan requested a copy of the letter that Town Manager Kutney read before the Town Council regarding the investigation conducted by the Inspector General's Office relating to the security breach be provided the FAAC.

Chair Chiu advised that Committee should accept the recommendations provided.

d. Purchase of Conference Room Furniture

Mr. Underwood recommended the Town use the vacant space at Town offices to use as Conference Room to be used for Committee meetings. He advised that it would eliminate the need to rent space for Committee meetings. It would also be necessary to purchase a conference room table and chairs.

Recommendation: Chair Chiu that Town Administration check with the governmental agencies (Palm Beach County and School District) for Conference Room furniture.

e. Review of Financial Policies

Mr. Underwood recommended that the Town makes changes to Finance and Accounting Procedures Manual, so that it would be generic. Committee Members requested that a redline document with the changes be prepared, and brought back to the Committee. He also inquired if the Town has an adopted Fiscal Policy.

Recommendation made by Chair Chiu that Town Administration and its external auditors work together on a Fiscal Policy for presentation to the FAAC.

f. September 2011 Outstanding Items

Mr. Underwood advised that it appears most of the items on the FAAC Punch List of September 2011 is complete. He inquired about other matters that are outstanding pointing out particular concern of the item entitled, Research Dumpster Franchise Fees.

Committee Member Ryan explained how Waste Pro has an exclusive in their contract that they are the only provider of dumpsters; however, other dumpster companies are operating in the town. Discussion ensued regarding charging other dumpster companies franchise fees. Underwood advised that would not be allowable. Underwood recommended this item be placed on a future agenda for discussion. Additionally, Mr. Underwood advised that he would clean up the Punch List.


Mr. Underwood advised that he would look into CPE classes for the Committee Members. He did recommend Institute for Elected Municipal Officials as it covers budgeting, trim, accounting, etc.

**The next FAAC meeting is scheduled for Monday, November 28, 2011 at 7:00 p.m.
Location to be announced.**

7. Adjournment

Board Member Cheryl Miller moved to **adjourn** the meeting. Board Member Ken Johnson seconded the motion, which passed unanimously. (**Motion carried 4-0**).

**These minutes were approved by the
Finance Advisory & Audit Committee on Monday, November 28, 2011.**



Judy Rios, Boards and Committees Clerk



Lung Chiu, Chair

SEAL